

TRANSCRIPT

Defense Writers Group

A project of George Washington University's School of Media and Public Affairs

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April 11, 2018

DWG: Good morning, everybody, thank you for coming in. Thank you most of all to our guest, Admiral Paul Zukunft, the 25th Commandant of the United States Coast Guard. Sir, we do appreciate you taking the time to come and speak to us. I know this is a pretty crazy week for you. But I'm sure we can make good use of your hour here as well.

Before we dive too heavily into cutters and UAVs and icebreakers and what not, I wanted to ask you an operational question, which is the drug interdiction that's been going on with the Coast Guard. As you have noted, 2016 was a record year for interdictions; 2017 broke that record. You've had some huge numbers of drug smugglers turned over to U.S. authorities. You've also witnessed a lot of suspicious ships and craft that you weren't able to interdict.

The problem seems to be escalating, and continuing to escalate. How bad is it? What can you do to keep this in balance?

Admiral Zukunft: I would say, Adam, it begins in Colombia and it ends in the United States. In Colombia right now you have record cultivation of coca. During the FARC peace process in October of 2015, President Santos terminated the aerial eradication program for coca. At the same time it was believed by a lot of the locals that if you grow coca you'll be paid then to remove it. So we've seen a surge in coca cultivation.

Then we start looking at a mature plant, which is a year and a half old. Its yield rate

goes up nearly four-fold. So you had record cultivation now production of cocaine. When I say it ends in the United States, well, in between Colombia and the United States is Central America. We've seen violent crime spike. It's increasing in places like Costa Rica, and we're seeing the immediate nexus between cocaine movement in this case, and then violent crime, corruption, and then with all of that we're seeing prosperity falter all at the same time. The dominant being drugs.

So in 2014 the intelligence that we get across the interagency and among international partners, unprecedented. So gone are the days where we operate like a farmer plowing a field. We go straight at where we know there's a load of cocaine on the water.

Now the advantage on the water is there's no one they can corrupt. When we apprehend them, we seize the smugglers, we seize the drugs, and they're sent to the United States for prosecution.

All that being said, we don't have enough resources. So right now we have, for the first time ever we have the Colombia Navy, we have the Mexican Navy and we have the United States Coast Guard. We've been there this whole time, but it's the first time we've had two of our key allies -- Colombia and Mexico -- cooperating with the United States. We've been having great support in the past by the Dutch, by the French, by the Brits, by the Royal Canadian Navy, but you'd think the immediate, to the south and north, Colombia and Mexico, but now they're participating as well.

So we've got this big operation going on with Colombia and Mexico. We're going to try to build upon this as well. Again, the United States can't do that alone. And we have a great working relationship with our counterparts, with my counterparts in Colombia and Mexico. Why that is significant is you also have presidential elections occurring in Colombia and Mexico this year as well. The elections in Mexico on the first of July. There's a candidate who may emerge who may not want to have a close working relationship with the United States. I have no control over that. But we want to make sure that regardless of those results, the relationships that we've nurtured over the years does continue on regardless of election outcomes.

DWG: As we sit here in April, are the flows continuing to escalate, or have they hit any sort of a plateau at this point?

Admiral Zukunft: They have not plateaued. I think we're still seeing a slight increase. Our interdiction numbers right now are on pace to exceed that of 2017. Just in the last two weeks we've seized 12 tons of cocaine, so about a ton a day. And right

now there are 50 smugglers that we have detained that we will hand over to the Department of Justice for prosecution here in the United States.

DWG: Good morning, Admiral. Thank you for being with us today.

Talking about the drug interdiction in the Eastern Pacific, Admiral Kidd has said that on average there's 2.9 force packages available to respond to the events, and you're only able to seize or interdict only 1 in 31 of those events. Can you talk a little bit more about that?

And you were talking about you're on track for record interdiction. Do you have more, and you mentioned the cooperation. Do you have more access? Are you getting more interdictions?

Admiral Zukunft: Lisa, when I came to the job in 2014 we were trying to cover every mission in the Coast Guard. Fisheries and our remote EEZs. That we weren't seeing any trends of incursions in fish stocks at risk. At the same time, the Navy was pulling out, actually what they did is they retired the Perry Class frigates in 2014. They were key contributors with our law enforcement teams especially in the Eastern Pacific.

So we went from having four ships steady state, serving, working for Southern Command, for Admiral [Kidd], to where we've had numbers as high as 14 Coast Guard cutters down there. But on an average day we have between 8 and 10 ships, Coast Guard cutters. We're bringing in other allies. We have two Canadian ships working with us today. We have several Mexican. We've got a Colombian ship. So it's good now you have the ships.

The next piece you need is the surveillance platforms, aircraft. Those are in very high demand, especially DoD surveillance platforms. So it really is a combination of several factors. Do you have the ships, do you have the surveillance, and then do you have them in the right places? And we do have them pretty much in the right places. Right now over 80 percent of the maritime flow is coming up the Eastern Pacific. The other 20 percent is in the Caribbean.

So the numbers, how many do we get. What I look at is when we bring these smugglers into a program called Panama Express run by the Department of Justice. I've asked our agents to say how many runs do these smugglers make before we catch them? Have they been doing this for 20 years and their luck finally gave out? Four to five runs, and we catch them. Very few get beyond that point. And they're going to do a minimum of

12 years in a U.S. prison, where they're cut off from their network, they're cut off from their families, with the hopes that that would be a deterrent to prevent these smugglers from carrying on this trade and go back to what he's usually done, is be a legitimate fisherman rather than a criminal smuggling drugs destined for the United States.

The numbers are elusive, but when I look at the number of runs these smugglers are making until we catch them, I would say we're at least at 20-25 percent. Several years ago, we were single digits. But the higher that percentage goes, the more deterrent it becomes, where you get people that say hey, I'm not going to do this. You cannot pay me enough, because I don't want to spend 12 years minimum. If they don't cooperate with our U.S. Attorney, some of these folks are doing 20 years. But the objective is to deter them from entering this trade to begin with.

DWG: So my follow-up, when he was SOUTHCOM Commander, then General Kelly talked about he was concerned about how terrorists could exploit this area if they know they might not be caught. What are your concerns about terrorists and bombs and nuclear weapons and so forth?

Admiral Zukunft: We watch that very closely to see if there's a cross-over between drug-related activity aiding and abetting terrorist organizations. Lebanese Hezbollah is in this region but the ne generation, the Sinaloa Cartel, we have not seen them want to cross over, and I think they know full well if they cross over and then start aiding and abetting terrorist organizations, their threat profile takes on a whole new meaning to us, and I think they are cognizant of that fact, so we have not seen that bleed-over from drug-related to now you know, full-blown terrorists, supporting terrorist organizations. But it's something we watch very closely.

DWG: Thank you.

DWG: Admiral, so the Coast Guard, in the next month you'll have your new Arctic Strategy document out. What's different this time around than five years ago? What are the, I don't know, the same question points within it or the same, something new, the case for icebreakers? Or what? Can you talk a little bit about the new strategy in terms of what I guess would be the focal points?

Admiral Zukunft: I'll hand that off to my successor, Vice Admiral Karl Schultz who is my nominated relief, to carry on.

So what's changed since we put out our Arctic Strategy four years ago? We've seen a

further recedence of sea ice over the last four years. We've seen coastal communities north of the Arctic Circle literally being washed into the sea. There is a change in the weather up there. We're seeing sea ice retreating. We're seeing rising sea levels. What's also changed is in 2014 Brent Crude oil was trading at about \$110 a barrel; today it's less than \$65. And until that gets to a higher rate, back then we were concerned about offshore drilling. But today it's probably not profitable to do so but it's just a question of time until it does.

We're seeing more and more activity by non-Arctic nations plying their trade up there. Russia just recently has made a claim of a good portion of the Arctic Ocean that would go all the way up to the North Pole. That would be up to the Law of the Sea Convention, whether they can make that legitimate claim or not.

Meanwhile we, the United States, are among three countries that I would name Iran, Libya and North Korea and the United States. What do these four countries have in common? None of them have ratified the Law of the Sea Convention which really makes the United States stand out as a tier one nation, yet we have not ratified it. So those are some of the other complexities that we look at.

We're seeing more and more human activity. We have cruise ships up there. So what are we going to do about that?

We're launching cube satellites to improve our search and rescue coverage for distress beacons up in the Arctic. And we, the U.S. Coast Guard created an Arctic Coast Guard Forum. We created this two and a half years ago. We just ran the largest search and rescue exercise in history in Iceland this past September. And this wasn't a tabletop. This was planes, this was ships, with all eight Arctic nations participating in that, to include Russia.

So as we look at the Arctic as a region, how do we shape it? Do we want to shape this as the next military campaign? Or do we want to shape it with what are the most imminent threats? Safety of life at sea, indigenous communities, natural resource exploitation, and then protecting the environment as well. So those are some of the areas that I would look at, in fact encourage that my staff as we bring in a new leadership team, we need to do a refresh on a strategy.

Normally you would say if you're going to be strategic it should be four to five years. So we've reached that four to five-year threshold, if you will, and there's been significant change since we first wrote that strategy four years ago.

DWG: A quick follow-up. For the icebreaker program, you talk about the one and then and maybe block buys for additional, but I haven't seen, where might the saving be in terms of the additional boats? Maybe [inaudible] isn't a priority right now, but I would think again for that as well you have some time lines. You'd want a different shipbuilder, for whoever builds the first heavy core icebreaker, I would think that again you'd want some [phasing] there to make sure you get the economies and what have you, rather than have hiccups in the production line.

Admiral Zukunft: We've put our request for proposal several months ago, and in that request was not just for the design of the first heavy icebreaker, but for those vendors to consider a block buy option as well. It's their discretion whether they want to include numbers for a block buy that would include those economies of scale. What it does to their advantage, rather than doing these incrementally, one at a time where we've had budget uncertainties, if you do a block buy, it provides them great confidence in terms of stability for their workforce and then meeting production lines as well, rather than if you do this on an annualized basis, you're in a Continuing Resolution and then there's fits and starts if we find ourselves under a CR.

This is the highest priority for us right now. It's the one area where we don't have redundancy in our national inventory when it comes to icebreakers.

Then going forward, the jury's still out. I am pretty certain that the program of record would be three heavy, three medium icebreakers, total of six. We've done multiple studies. But we started looking at the business case. After you build three, and then we need to look at okay, so what is the economy of scale of building heavy icebreakers? And would it be less expensive to continue to build heavies and not mediums? It gives you more capability and if it's at the same prices range, at an affordable range, heavy versus medium. So maybe you end up with one class of heavy icebreakers. There's advantages there for configuration management, maintenance, crew familiarity and the like as well. But that's still probably several years out before we would reach that threshold decision. But that's one option that we want to keep open going forward.

DWG: Good morning, Admiral. How is cooperation between the U.S. Coast Guard and their Russian counterparts at the moment? And do you feel a spillover effect of the relationship getting worse and worse by the [day's political]?

And a year ago when you talked to us you didn't envision a need for freedom of operations in the Arctic. Has anything changed in that regard?

Admiral Zukunft: I'll answer your first question first, Dmitry. We interact with our Russian counterparts on a weekly basis. The area we most interact with is on the maritime boundary line in the Northwest Pacific between Russia and the United States.

Several months ago Russia was concerned that there was a foreign mother ship that was transshipping fish being caught in Russia's EEZ and then offloading that in Dutch Harbor, Alaska, which is called illegal, underreported, unregulated fishing. They tipped us off, and so we boarded the ship. We boarded the ship and there was no catch on board.

So we have regular interactions. We have an information exchange system. So we interact on a regular basis there.

So I would say political considerations aside, there's an operational necessity for us to interact with our neighbors in Russia, because if we don't, then foreign fishing fleets are going to exploit our non-communication among us.

There is no immediate push to do a freedom of navigation exercise up in the Arctic, but I will say it is the United States approach that the Northern Sea route would be open as an international strait to transit passage, if you will, as we look at that waterway opening up. But right now there is no immediate plan in place to hey, let's exert a freedom of navigation exercise.

Again, that's going to require some significant dialogue going forward. There's very few ships. Russia, the natural gas coming out of the Yamal Peninsula, I think will be the primary users of the northern sea route to take full advantage during the relatively ice-free season, to make that shortcut to serve the European market, particularly with the LNG that is coming out of the Yamal Peninsula.

DWG: If I can have a very quick follow-up.

The Arctic Coast Guard Forum, since you have transferred responsibility for handling this structure to the Fins, how are things now? I know that they recently have been meeting in Finland, I think, and new decisions have been made on that. Any information about that?

Admiral Zukunft: I was just there a month ago in Finland. What really impressed me is that each nation, all eight, sent their principal. They didn't send their number

two, their number three, their number four person. They sent my service chief counterparts were all represented in Finland. Looking at how do we exchange information? How do we share some of the scientific information up there? What are the new trends, some of the new technologies for oil spill recovery? So again, this is a very rich dialogue where we bring in subject matter experts to really get at some of the root challenges which remain to all eight Arctic nations. Then the principals, we sit down, we don't just sign a joint statement. We actually, how do we implement it? And more importantly, how do we implement the work that comes out of the Arctic Council?

The Arctic Council will produce policy. But policy without any implementation behind it really just becomes policy. So we've taken it upon the Coast Guards, if you will, with different names, but among the eight Arctic Council nations, to drive the objectives of the Arctic Council forward. Again, the fact that we have principals embracing this speaks volumes, just that symbolic gesture. That we have all the senior leadership working together on this.

DWG: Admiral, Sidney Freedberg, Breaking Defense.

Let me ask, obviously we have the budget deal. We had some last minute [feeds] of money going into the DoD agencies. And then we have people looking at 2019. There are a lot of pieces [of the service], DoD services are plussing up their procurement budgets, their RDT&E budgets. Are you able to do that over in Coast Guard? Have you gotten more financial head room? And are you able to direct that into operation and maintenance, or into icebreakers, [inaudible], upgrading aircraft? If you haven't already spent it, where are you spending it?

Admiral Zukunft: In the '19 budget, \$750 million. That completes the purchase of the first icebreaker. There's also in the National Defense Authorization Act a stipulation that DoD funds an icebreaker. We've had \$150 million contributed by DoD in the '19 budget. There's another \$150 million. So really, what we have is, on glide slope, is funding already for one, and a second. One funded by DHS, the next by DoD, so that gets you to two icebreakers.

So we have seen nearly a 15 percent markup from President's guidance to what we were appropriated in 2018. It was the first time since the Budget Control Act was passed in 2011 that our operations and maintenance account was funded above the BCA floor. So we went from 2011 to 2017 funded below the floor. For us that adds up to nearly a \$1 billion shortfall in operations and maintenance funding.

So what was the consequence of that shortfall? We ended up, we went through a cycle where we drew down the size of the workforce. We deferred our shore maintenance to the point where we have a \$1.6 billion backlog in shore maintenance. We're operating in buildings that are over 100 years old. We got shellacked this past hurricane season. Hurricanes Harvey, Irma and Maria are all where we have major Coast Guard installations. We incurred in excess of \$800 million worth of damage. The '18 budget, fully funded and fully reimburses \$835 million from the hurricane alone, and it also buys down some of this \$1.6 billion backlog. In fact, the '18 and '19 budget will buy down the equivalent of nearly two decades' worth of backlog funding based on the rate that we have been funded prior to 2018.

So to say that we are delighted with the '18 consolidated budget and '19 would be an understatement.

What I am concerned about going forward is the acquisition piece is looking very healthy, but the operation and maintenance side of this to sustain these new systems that we're bringing on board, what I've told folks on the Hill and I've testified on the record is that we need five percent annualized growth in our operations and maintenance account. That takes into account inflation, military pay raises, and more importantly, how do we sustain these new systems that we're bringing on board.

DWG: So again, the marginal dollar when you get it is going to go into O&M rather than [inaudible]. You're already buying new ships and stuff as fast as you can absorb them at the current sustainment level.

Admiral Zukunft: That is a safe statement.

Now the other piece, people say well can you execute? And more importantly, can you execute this responsibly? We just completed our fifth consecutive clean financial audit opinion. Our acquisition program is being schedule, it's meeting budget, and it's delivering platforms that not just meet but they're actually exceeding our requirements as we put these new ships out to sea.

So when you start looking at okay, are we going to be good stewards of this increased appropriation, our track record really does speak for itself.

DWG: So you need five percent sustained O&M growth. What are you actually getting?

Admiral Zukunft: Well, what we were getting was negative growth. We were getting

one to two percent negative growth, and so really that five percent in about four to five, six years, would actually get us above the surface of the water. We have been under water for seven consecutive years, so what we're trying to do is get our heads above water.

So moving forward, this would get us there.

DWG: Assuming the budget deal is extended, [inaudible] come back, of course. [There's a] question mark.

Admiral Zukunft: I think there's going to be question marks way beyond that, Sidney. I look at an aging population. We've had tax reforms. We've got a lot of potential conflict out in the world today. So at the end of the day, what is the discretionary budget going to look like in '22, '23 and beyond?

My expectation is if we think it's a competitive environment today, it's going to be even more competitive tomorrow. So how do you compete in this environment? And one is, you demonstrate a good return on investment, and you also demonstrate that you are a responsible steward of our taxpayers' dollars.

DWG: Hi. I wanted to get back to drug interdiction.

At the National Guard [inaudible] deploying at the southern border, some lawmakers said it might be more productive to plus-up the Coast Guard. As you said, you're [doing] more drug interdictions than ever, but you don't have the resources you need.

So I'm wondering if you've had any conversations in the last couple of weeks with Secretary Nielsen and the President and the lawmakers about this? You talked about some of the resources you do need, but I guess what would be at the top of your wish list if there are going to be some things [inaudible]?

Admiral Zukunft: I really look at our border as a system, and I did meet with our Secretary last week. In fact she looks at the wall as a system in fact, as well.

So when you look at a wall, I mean that is a clear, defensive posture. And it's a physical barrier. But what other barriers or what borders exist beyond that wall? And it's maritime borders.

Then it comes down to authority. So the United States Coast Guard has over 40

counter-drug bilateral agreements where signatory countries allow them to come into their territorial sea, use up the deadly force to apprehend drug smugglers. Or if those boats are out in the high seas, we can stop them out there as well. It basically gives us free reign of the waters, if you will, to take enforcement action, and more often than not, we bring these individuals back to the United States for prosecution.

So when you think about that, you have a wall that's the defense; and then maritime Coast Guard is the offense. So if you want to use this as a balances system, defense and offense, we can't go into a ground campaign into Central America. We can't send National Guard, arresting people in the streets of Tegucigalpa. But you can certainly stop them on the water. And that is really the one place where these transnational criminal organizations are vulnerable, is on the water.

So we provide the maritime offense whereas the wall provides that defensive posture.

DWG: But then in terms of I guess what could be added right now as we're looking, as the administration is looking to plus up security for what they're describing as [inaudible], what do you need [inaudible]?

Admiral Zukunft: Well, we need two things, and it really begins with our relationship with Colombia, which I can't overstate how critical it is that we have had, they have been our key ally in all of this.

Yes, they are the source of a lot of this cocaine, but at the same time, they've had, they've lost over 200,000 people during a 50-year insurrection; they're also a country that's overwhelmed by a failed nation right next door in Venezuela. Yet they're still working with us on this drug threat.

First and foremost, resume aerial eradication. Stop the cultivation.

The next is work within what I would call relatively ungoverned territories in Colombia. These shipments originate in the river systems of Colombia where there are no roadways. Colombia's a big nation. It's the size of California and Texas combined. The [Tamato] region where most of this cocaine comes out of, which is on the southwest side of Colombia, rivers flow through that, but that's where the precursors come in and the finished product goes out. There's not a riverine interdiction program to stop this at the source before this cocaine even reaches the high seas.

So we're working with our country team in Bogotá, working with Colombian National

Police and our military counterparts to see can we set up a riverine interdiction program? So aerial eradication, riverine operations, and try to stop this at the source, rather than trying to, I call it shoot the archer before they shoot their arrow kind of approach. And there are opportunities to get this closer to the source than we're doing right now. That would have a much bigger impact.

Again, our authorities are broad and far-reaching. The National Guard, land-based, they have aerial surveillance. Certainly there's opportunities there. But for the maritime campaign that we're involved with, really begins with Colombia.

DWG: Good morning, Admiral. Scott [Inaudible], [Inaudible] Radio.

Yesterday you were talking about how your retention rates are really amazing. Are there any areas that you're worried about with personnel [inaudible], especially now that you're handing off your leadership?

Admiral Zukunft: Sure, Scott. We just kicked off a study on retention of our female officers in the Coast Guard. Right now we're losing nearly 50 percent of a year group between 10 and 12 years of service among our female officers. Why do they leave? And what do we do then to address that? Which is significant, because right now our Coast Guard Academy, which is our primary accession point for commissioned officers in the Coast Guard. We have direct commission, we have officer candidate school, we have the Coast Guard Academy.

Our Academy has the highest percentage of women than all of the service academies, nearly 40 percent. It's a meritocracy. We don't use congressional appointments, and our female cadets are just hitting it out of the park.

Two years ago we had a Fulbright Scholar. Our regimental command is mostly female. But what happens 10, 11, 12 years out? We can make assumptions, but I've been pushing diversity in the Coast Guard. My reading list talks about hidden biases. Talks about lean-in circles. Sheryl Sandberg, what she's done with Facebook and the others. To make sure that we don't have an environment within our service, a sub-culture, if you will, that is inhospitable to our female officers.

Then the other thing we're looking at is, you know, in the '19 mark, we're investing in child development centers. And those are just as critical as these other platforms that we're buying because there's a lot of tension between a career in the Coast Guard and then raising a family at the same time. And sometimes it's as fundamental as you know,

we don't have child development centers. So we're looking at all of those, trying to get in front of this.

But we will learn why our mid-grade officers are leaving a much higher percentage rate than their male counterparts.

DWG: Do you have a time line for that study?

Admiral Zukunft: I believe that will be done in the next year. We kicked that off several months ago. At the same time, we're getting great feedback, I'm always mindful of what I would call survey fatigue, and then you don't get quality data. But I'm pretty confident that we will get quality data because our work force is convinced that we're not just going to do a survey and then put it on a bookshelf. This is the tools we need to make informed decisions and informed investments.

DWG: You mentioned working with Colombia and Mexico. On the acquisition technology front, what are some of the items on their wish lists that [inaudible]? [Inaudible]? And how could you sort of [inaudible] with the countries [inaudible]?

Admiral Zukunft: We're already getting ready to do a down-select for small unmanned aerial systems. That's really been a bit of a game-changer for us. In the past, we know someone's out there, loud helicopter, big ship, a lot of muscle movements, and the first thing the smugglers do is they throw all the drugs overboard, they throw all their electronics, and then we try to preserve a crime scene so we can prosecute.

Now the ship stays just over the horizon. We're sailing with up to five small UASes, and we literally stalk our prey. They don't know that that small UAS is up there. These guys can't run 24 hours a day. They need to stop, they rest, and as they rest they get a wakeup call. A boat is alongside. A Coast Guard boarding team. Speaking in Spanish, seizing the drugs, seizing their electronics, doing the digital forensics on it, taking biometric data off of these folks as well, that that then gets into all-source databases to include Interpol, who are these people? All beginning with small UAS.

Our next approach is land-based long-range UAS with 20-plus hour endurance that would be based in some of our partner nations. We don't spend most of that time flying out of the United States, but base it as close to the source as possible.

We've already done that in Comalapa in El Salvador, using [CDP], MQ-9 Predators. These are strictly surveillance drones, but we need more of that type of surveillance.

And then what is the state of the sensor technology? Right now there's a very narrow range surveillance. How do we expand that out so we can do wider range surveillance with these platforms as well?

So small UAS, land-based. And there are other technologies including autonomous vessels that might be used as surveillance platforms.

We're not there yet because that's still a relatively nascent technology, but it is out there. How might we incorporate that?

Then you have underwater unmanned vessels as well. There are opportunities there. I think there are also opportunities to use these underwater unmanned platforms up in the Arctic, especially when you look at five percent of the Arctic is charted to what we'd say 21st century standards. Do you want to do that survey work in a very inhospitable environment that your ship finds that shoal? Or do you have an unmanned vessel do that and provide some of that data as well?

That would be a technology that we'll want to fold into our icebreaker capability as well.

So we've got small UAS, land-based UAS, and then you've got unmanned underwater vehicles and all of those coming together, pretty close to one after the other.

The other's going to be how do you counter someone else's unmanned aerial system? So we're looking at technologies of how do you counter a UAS? These have become ubiquitous. They're commercially available off the shelf. And we'd be naïve to think that a transnational criminal organization who does not have continuing resolutions, who is not constrained by budget, wouldn't be looking to how do we invest in these to track down where we're at? So how do we counter those as well? So I think that's another technology we're looking at.

DWG: And [inaudible] on that. Are you in discussions about the [inaudible] strategy or how they could use it with you [inaudible]?

Admiral Zukunft: Not so much in the acquisition side. I mean we're going to provide two patrol boats that we've refurbished to Costa Rica. What we're seeing among our international partners, mostly what they need are ships, and not just the ships, but then how do you train the crews? What authorities do they have?

So we're probably several evolutions, where we are, in terms of what we're acquiring and

what our partners need. What they need most is information. And so we're looking at how can we push more of that information into the hands of our international partners and to make sure that that information stays among our partners and doesn't end up in the hands of these transnational criminal organizations.

So we're doing the acquiring, but at the same time, how do we better push information to our partners?

DWG: On those lines, how soon are you looking to purchase the longer-range UAS? And when are you looking to launch the cube sats [inaudible]?

Admiral Zukunft: I believe the cube sats are going up this fall, Jen. The first thing we're looking at right now is within the Department of Homeland Security, in fact doing acquisitions within the Department of Homeland Security of leveraging some of the other components. In this case, air and marine, within Customs and Border Protection. They have nine General Atomics MQ-9 Predators and I believe four of those are equipped with the Sea View Maritime Surveillance package.

We look at the flight hours that those platforms are flying, and compared to the operational hours that the same platform would fly within the Department of Defense, we are grossly under-utilizing these nine drones that we have right now in terms of flight hours. It's really driven not so much by the platform but by the people piece. How do you take full advantage of these nine that are already in the Department of Homeland Security's inventory, and better leverage those? It really comes down to applying more manpower to it.

So we are supporting CDP with about a dozen members of the Coast Guard detailed to CDP to be the sensor operators for these drones. We need to bump that number up. First, better leverage that.

At the same time, be ever-mindful of what new sensor packages are coming out.

I met with a number of vendors and they're looking at how do they literally widen the aperture of these surveillance platforms? And weather gets a vote in this. Cloud cover and the like can compromise their detection capability. So what other sensors can work through the weather issues?

But our first push is better leverage what we already have in inventory because quite honestly, I would say these are remotely piloted vehicles. They're not unmanned. And

when you have one that can fly for 24-30 hours at a time, you need multiple people. It just doesn't go out and fly on its own. So it's that sensor operator piece and the human component that is the initial investment we need to make. I think then we can look at if we need more platforms, if we get full utilization rate on the nine that we have in the Department of Homeland Security inventory, then we look at acquiring more.

DWG: That kind of gets back to what we talked about earlier, operation [inaudible]?

Admiral Zukunft: It does. Because our human resource component comes out of our operation and maintenance account.

DWG: And then on the small UAS side, what kinds of new technology in sensors are you looking for? Are you experimenting [inaudible]?

Admiral Zukunft: I think everything that we've seen commercially off the shelf. I mean the one that we're prototyping right now is the Scan Eagle. If it's a fixed wing, ten-foot wing span, endurance of about six hours, seven hours. We deploy with five of these at a time. With contracted support.

That doesn't mean Scan Eagle will be the down-select, but what we really want to do is how do we incorporate this technology into the way we used to do business? So we've been able to refine our tactics to now fully leverage this capability. But we should be down-selecting a package, it should be by the end of this year.

DWG: How many will you buy?

Admiral Zukunft: I don't have the numbers, but I think we'll reach a point where every national security cutter that deploys will deploy with one of these packages. We're at the point now where if a ship with a flight deck doesn't have an armed helicopter on it, it's almost, well what's the point of sending the ship out there if you don't have a full force package. It's like sending an aircraft carrier out without an air wing.

DWG: [Inaudible]?

Admiral Zukunft: I would say, it's safer to say calendar year and not fiscal year.

DWG: You said five at a time. Does that mean the package is five? Or just one on a cutter?

Admiral Zukunft: We have five of these platforms, so we have two hangars on the national security cutters. In one hangar you've got five of these Scan Eagles. They set it up, they can launch it, and within five minutes they can recover it and we can launch a manned helicopter.

So the whole time, at that time we're still talking to a manned airplane, we're launching three boats that do 40-plus knots over the water, and you've got to be mindful of okay, we've got 41 bilateral agreements. This flag state vessel, are they signatory or not? So there's a lot of information you've got to process tactically and policy when you do these operations. And they're all pretty much done independently. We put an awful lot of responsibility on our commanding officers and those crews, and I could not be more -- it's not the Coast Guard I joined 41 years ago. We have really moved out into uncharted territory. Doing it safely.

What makes me the most proud is this last hurricane season we moved over 100 helicopters from the Pacific Northwest, from New England, the West Coast, you name it, into Hurricane Harbor. I mean literally into. For three consecutive days our flight crews were flying in hurricane condition one rain, wind and everything else. Saved nearly 12,000 lives but we've now gone seven years without a fatality. And you're always cautious when you say that, but without a fatality in our aviation community. When I tell my other service chief counterparts, they're astounded.

The risks that we undertake -- we fly the National Capital Region to protect it from low, slow flyers in one of the most congested air spaces in the United States. When the President is in Bedminster or in Mara Lago, we move that force package out there as well, to protect our Commander in Chief.

We do use of force from a helicopter with machine guns and sniper rifles at night trying to stop these drug-laden vessels.

But seven years we've gone without a fatality in our aviation community. It speaks volumes to risk management and the professionalism of our air crews. I could not be more proud of them.

DWG: People have been talking to you about drug smuggling across the water, but I'm wondering [if] there's an increase in what's on the border in terms of concern that you're going to start seeing a lot of immigration coming across by boat. And what kind of stress will that cause in addition to going after drug smugglers?

Number two, the safety concern. I mean if you're worried about, seeing what's happened in the Mediterranean with ships capsizing, people out in the middle of the water.

Admiral Zukunft: Jeff, I think we'd be short-sighted to think that if we build a wall that will end all the drivers for illegal migration. I've spent a fair amount of time in this assignment meeting with the presidents of El Salvador, Guatemala, and Honduras. Each one of them say they're a victim of their geography. They live just to the north of the largest drug-producing country and just to the south of the largest drug-consuming country. Violent crime is at an all-time high. Economic prosperity is at an all-time low. And quite honestly, people are voting with their feet.

If the security environment were to improve and then prosperity goes up, people will stay, but that's not happening. So to have a better live in this lifetime, it's find a better place to live. And if you can't come across the terrestrial border between Mexico and the United States, then go around it.

So we keep a very close eye on what those trends are. It hasn't happened, but that would probably be several years down. Yeah, we interdicted a boat with 120 Haitian migrants on it several days ago. A sailboat, 45 feet, with 120 people on it. This is as much a safety of life at sea mission as it is a preventing illegal migration operation. But what it demonstrates is the desperation of these people.

They know there's a 50/50 chance that that sailboat might capsize. They don't carry life jackets. And they may die.

Ships I've commanded, we had a nine-month pregnant mother, 200 people in a 45-foot boat. When we got her on the ship she gave birth. And then we had to determine is the baby now a U.S. citizen or a Haitian citizen? Born on a U.S. warship. The answer is, mother and child go back to Haiti because we don't want nine-month pregnant women trying to find a Coast Guard cutter and give birth on it.

But what it speaks to is the desperation in the world today. Probably more desperate than Haiti right now, a neighboring nation, if you will. So if you start looking at the drivers for illegal migration, they're going to be persistent. And if anything, even more prevalent in the next five, ten, fifteen years.

Then if you start looking at the disparity of wealth between have and have not, my sense is that abyss is ever-widening which means the drivers for illegal migration are going to

be with us for the next generation and beyond.

DWG: Is there a concern that you could see your medical staffs on board the cutters just be over-tasked? If it really got bad out there, having to do a lot of rescues, or having to bring a lot of people on board ships. I just wonder what kind of impact that would have, if you start to look ahead and say geez, you know, we may need to make some investments and make sure we beef that up because that's a potential mess?

Admiral Zukunft: All of our ships sail with an independent duty corpsman which is one step below a physician assistant. Which, on my ship it was my corpsman that helped deliver this child. It was a low-risk birth, other than the fact that the mother was out in the middle of the ocean on a sailboat about ready to capsize.

The only time that we really get taxed is when we have, I was involved with the Haiti earthquake. We had crew members that knew basic first aid trying to reset compound fractures. Trying to stem vascular bleeding. It was the only thing between life and death. So in a situation like that you are clearly overwhelmed, but if you do nothing, someone's going to die.

So I think only when we come into those natural disaster events.

And the other area that we're concerned with are contagious diseases. There's not a good immunization program in some of these areas, so we want to be mindful that we don't then become a vector to a contagious disease. Not just among the migrants, but then do we become that vector as well. So those are other areas that we're concerned with.

DWG: The last three minutes belong to you now. So as you're post-retirement and as your successor prepares to take over command of the Coast Guard, what stands out in 2018? And what does the Coast Guard really need to focus on going forward?

Admiral Zukunft: Part of it was we had to change our narrative. I mean for years and years we'd say we're a service that does more with less. And we would almost pride ourselves on that. The sense of martyrdom, if you will. So what I told my staff, you know, there's only one certainty that you are a martyr -- death. So we need to change that narrative. We need to truly state what our requirements are. Not to understate, but truly state to the committees that we answer up to what a Coast Guard of the 21st century requires.

And more importantly, what a modest investment that is as the fifth armed service. Our entire appropriation is less than one aircraft carrier. That pays for everything. Retirees, medical, housing, operations. It's a good investment.

So let's state our requirements.

So what has changed is just our approach of how do we resource a Coast Guard of the 21st century.

The other is, for the longest time we compared ourselves to the United States Navy. Two great seagoing services, but two very distinct seagoing services.

I compare ourselves to the 100-plus other Coast Guards around the world, to include China Coast Guard. They all want to be like the United States Coast Guard. And we never really realized on a global scale, that is what most countries, the threats that they're dealing with, require Coast Guard like authorities, they require Coast Guard like platforms. The hardest thing they have replicating are the people. The quality of people that voluntarily come to our recruiters and say I want to serve in the United States Coast Guard.

I just sponsored a company last fall, and I asked them why did you join the Coast Guard? They didn't say well, I want my educational benefits, I want the free medical, I want my 30 days leave. No, I want to serve the nation and I want to serve in the Coast Guard because these are all the things that I want to do, and more importantly, I want to be empowered. I don't want to be told what to do for ten years and how to do it. I want to be a decision-maker.

So they come in with this bias for action.

If you're in any one of our small boat stations, I mean they want a \$3 million boat and the coxswain driving that is maybe three years, four years out of high school, interacting with a U.S. citizen, that he might have to use up to deadly force. We're a law enforcement agency. You do not see the Coast Guard in the news for heavy-handed excessive use of force when we interact, whether it's a U.S. citizen or a foreign national conducting law enforcement.

So it really comes all the way back to the people. When we say we're going to do more with less, we're telling our people too bad, you're going to have to suck it up. Any senior leader owes it to his or her work force to give them the tools that they need to safely and

effectively carry out their job. And if you do that, they're going to stick around.

Over 92 percent of our first-term enlisted reenlisted last year. They want to stick around. In fact over 40 percent of our recruits coming out of our enlisted basic training and Cape May, over 40 percent will still be on deck active duty 20 years from now. Sixty percent of our commissioned officers upon commissioning will be on active duty 20 years beyond. There is a huge savings, not having to constantly retrain your work force. And more importantly, you retain that experience which means even though your operations become more risky, we can do that safely and effectively as well.

I think that's over three minutes. But at the end, if you take nothing away from it, it's the people coming into the Coast Guard today that will be serving tomorrow and with tremendous tools to carry out our missions.

DWG: Thank you, Admiral. We appreciate it, and appreciate your time.

Admiral Zukunft: Okay, thanks.

I'll finish my breakfast. [Laughter].

DWG: I was on a sailboat coming north in the Caribbean towards Fort Lauderdale about 15 years ago, and it was two in the morning, and I was the only one awake, and all of a sudden --

Admiral Zukunft: I know how this goes.

DWG: You were northbound.

Admiral Zukunft: I was. And all of a sudden, it was so bright, it was daylight, and a very large ship with very large lights on it --

DWG: What was the hull number?

Admiral Zukunft: I do not recall.

DWG: I wanted to see if that was me or not.

Admiral Zukunft: But they wanted to see our sailboat. We had a very polite and interesting and enjoyable conversation, although it was two in the morning. The three

people on the sailboard were three network television correspondents, myself included, and the atmosphere improved once they realized they knew all three of us by name.

Admiral Zukunft: Oh, really?

DWG: And that we probably were not smuggling drugs because we had better options. But it was an exciting evening. And very professional Coast Guard work.

Admiral Zukunft: Every now and then in the Caribbean we would come across these families that literally sold the arm, bought a sailboat and they homeschooled their kids and they lived a Robinson Caruso lifestyle. So we'd come across them, and we'd say we're going to send a boarding team over anyway. We would come over with, depending on how old the kids were, we'd put together some coloring books, crayons, but ice cream. We would come over, white ship and ice cream. I think we recruited some of those kids. [Laughter]. You can't start too early.

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